

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING THE IMPLEMENTATION OF STATE CLIMATE GOALS, AND, IN CONNECTION THEREWITH, MAKING AND REDUCING AN APPROPRIATION.

Prime Sponsors: Sens. Hansen and Cutter
Reps. Amabile and McCormick

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Appropriation Items of Note

Appropriation Already Added to Bill, Amendment in Packet

General Fund Impact

New Cash Funds with Continuous Appropriation

Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 05/05/24.

XXX	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	Update: Fiscal impact has changed due to <i>new information or technical issues</i>
	Update: Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	Non-Concurrence: JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.002	Staff-prepared appropriation amendment

Current Appropriations Clause in Bill

The bill includes an appropriation clause that appropriates a total of \$958,596 cash funds for FY 2024-25, as follows:

- a net zero adjustment to the Department of Revenue's FY 2024-25 Long Bill appropriation, including a decrease of \$1,770,160 cash funds from various sources and an increase of the same amount of cash funds from the Decarbonization Tax Credits Administration Cash Fund; and
- an increase of \$958,596 cash funds from the Decarbonization Tax Credits Administration

SB24-214

JBC Staff Analysis

Cash Fund to the Colorado Energy Office in the Office of the Governor, which is based on the assumption that the Office will require an additional 3.1 FTE.

The Revised Fiscal Note (05/05/24) indicates the Colorado Energy Office requires an additional \$100,000 General Fund in FY 2024-25 to conduct a study on accelerating heat pump adoption.

Description of Amendments in This Packet

J.002 Staff has prepared amendment **J.002** (attached) to amend the current appropriations clause to add \$100,000 General Fund for the Colorado Energy Office in the Office of the Governor for FY 2024-25.

Points to Consider

General Fund Impact

The Joint Budget Committee has proposed a budget package for FY 2024-25 based on the March 2024 Office of State Planning and Budgeting (OSPB) revenue forecast. The budget package includes \$63.1 million in set-asides for legislation outside of the package (see table below). The budget package accounts for the 15.0 percent reserve associated with the placeholders (a total of \$9.5 million).

General Fund Appropriation Placeholders for Other 2024 Legislation	
Description	FY 2024-25
General Legislative Priorities	\$21,739,130
Legislation for Shared Housing Priorities	12,043,478
Legislation for Shared Workforce and Education Priorities	16,152,110
Legislation for Other Shared Priorities	10,519,130
Legislation for Distributions to Rural Hospitals	2,608,689
TOTAL Placeholders for Other 2024 Legislation	\$63,062,537

This bill currently requires a General Fund transfer of \$400,000 to the Sustainability Revolving Fund and an appropriation of \$100,000 General Fund to the Colorado Energy Office (added by amendment **J.002**) for FY 2024-25, reducing the \$63.1 million set aside by the same amount.

Future Fiscal Impact

This bill will reduce General Fund revenues by an estimated \$400,000 in FY 2025-26 and ongoing through a transfer to the Sustainability Revolving Fund, reducing the amount of General Fund available for other purposes.

Technical Issue

The Colorado Energy Office currently has continuous appropriation authority for administrative costs from the following cash funds that support the implementation of decarbonization tax credits:

- the Industrial and Manufacturing Operations Clean Air Grant Program Cash Fund (Section 24-38.5-116 (6)(b)(II), C.R.S.);
- the Geothermal Energy Grant Fund (Section 24-38.5-118 (7)(d), C.R.S.); and
- the Community Access to Electric Bicycles Cash Fund (Section 24-38.5-506 (2)(b), C.R.S.).

The bill includes a provision appropriating \$958,596 cash funds from the Decarbonization Tax Credits Administration Cash Fund to the Colorado Energy Office for FY 2024-25 for the administrative costs of implementing the decarbonization tax credits. In light of this appropriation, is it necessary for the Colorado Energy Office to retain its continuous appropriation authority for administrative costs from the aforementioned cash funds?

Legislative Appropriation Authority

Continuous spending authority, also known as **continuous appropriation**, allows state agencies to spend money for statutorily specified purposes up to the total amount available in a specified fund source without seeking further legislative approval through the budget process.

The term *appropriation* is broadly understood as expressing or conveying legal spending authority. However, the term *appropriation* also inherently expresses fundamental legislative fiscal authority by communicating a *limit* on or maximum amount of spending from a specified fund source for a defined period such as a fiscal year. While continuous spending authority also expresses or conveys legal spending authority it does so by eliminating legislative fiscal authority and oversight.

An annual appropriation provides a limit on spending authority, while a continuous appropriation provides unlimited spending authority. This method of funding moves these expenditures off-budget, and thus expenditures are not reported or accounted for through the budget process.

Is it necessary for the Department of Personnel to **not** seek annual authority from the General Assembly to spend money from Sustainability Revolving Fund or the Inflation Reduction Act Elective Pay Cash Fund?